

Committee on Ways and Means

Encourage Adoption and Help Children Find Permanent, Loving Homes *H.R. 1057, The Adoption Tax Relief Guarantee Act*

- The *Economic Growth and Tax Relief Reconciliation Act* increased and enhanced the adoption tax credit. However, the new law will expire after December 31, 2010. This “sunset” was included in the law to comply with Senate procedural rules. H.R. 1057 would repeal the sunset so that the adoption tax credit provisions will become permanent.
- **If H.R. 1057 is not enacted, then beginning in 2011:**
 - The adoption tax credit will be cut overnight from a maximum of \$10,000 to \$0.
 - Families who adopt special needs children will no longer receive a flat \$10,000 credit. Instead, they will be limited to a maximum of \$6,000.
 - Families claiming the credit may be pushed into the AMT.
 - The income caps will fall from \$150,000 to \$75,000 so that fewer families will be eligible for the credit.
- On June 4, 2002, the House voted to permanently extend the adoption tax credit by a vote of 391 – 1 (H.R. 4800).

Adoption Statistics (Source: Department of Health and Human Services)

- **Adoptions can be prohibitively expensive.** Licensed private adoption agencies charge fees ranging anywhere from \$5,000 to \$40,000. Independent adoptions can cost anywhere from \$8,000 to \$40,000.
- **If the adoption tax credit expires, many families will not be able to afford adoptions.**
- **As of 9/30/02, 532,000 children were in publicly funded foster care waiting to be adopted** (even more were in the private system). Cutting the adoption tax credit will make it more difficult to move children out of foster care and into permanent homes.